

**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**

Minutes of the Meeting held on 07 March 2024 at 6.00 pm

Present:-

Cllr M Andrews – Chair

Cllr E Connolly – Vice-Chair

Present: Cllr B Castle, Cllr A Chapmanlaw, Cllr R Herrett, Cllr C Weight,  
Cllr S Armstrong and Samantha Acton

Present Cllr J Beesley, Cllr M Phipps and Lindy Jansen-VanVuuren  
Virtually:

Also in  
attendance: Cllr M Cox

61. Apologies

There were no apologies received for this meeting.

It was noted that Cllr J Beesley and Cllr M Phipps were attending virtually, meaning they could speak but not vote.

62. Substitute Members

There were no substitute members.

63. Declarations of Interests

There were no declarations of interest.

64. Confirmation of Minutes

The minutes of the meeting held on 11 January 2024 were confirmed as a correct record for the Chair to sign.

65. Public Issues

There were no public questions, statements or petitions for this meeting.

66. Addressing the Local Audit Backlog & proposal for the 2022/23 Audit

The Chief Financial Officer (CFO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The Committee was reminded that the audit of the 2022/23 accounts had not yet commenced and the audit of the 2021/22 accounts had not yet

concluded. As previously reported this was due to the continuing failure by the auditors of Dorset Pension Fund, Deloitte, to issue an IAS19 letter of assurance. The Council had submitted formal complaints on this matter to Public Sector Audit Appointments (PSAA) Limited and the Director of Deloitte. A further meeting was arranged with Deloitte which may also be attended by other local bodies affected by the delay.

The report set out the Government's proposals for a three stage process to address the local audit backlog in England. These proposals had recently been published for consultation and a copy of the Council's response was appended to the report. It was noted that a timescale of four weeks in which to provide meaningful feedback was insufficient, particularly for a large Council like BCP, and that a fundamental review of the accounting and auditing system was required. The report also included a copy of a letter from Grant Thornton with its proposal for the delivery of the 2022/23 audit.

Mr Peter Barber, representing Grant Thornton, reported that according to Deloitte they were one or two months away from issuing the IAS19 letter. He reassured members that subject to its receipt, he anticipated issuing an unqualified opinion on the 2021/22 accounts. He confirmed that the proposed backstop would not affect this, but it would have implications for the 2022/23 audit as it would not be possible to complete this by 30 September 2024 for the reasons provided in his letter. The application of the backstop would allow an early start on the 2023/24 audit with a view to signing off this set of accounts in a more timely manner. It was also noted that Grant Thornton was taking on the audits of Dorset Council and Pension Fund with effect from 2023/24.

The CFO and Mr Barber responded to questions and comments on the issues raised in the report. Members were advised that by the end of 2023 approximately 800 sets of accounts had been outstanding for around 500 public bodies in England. It was confirmed that Deloitte had cited resource challenges within its team including sickness as the reason for the delay in issuing an IAS19 letter. The procedure for appointing and changing auditors was explained. Mr Barber wished to make it clear that Grant Thornton did not intend to do any work on the 2022/23 audit for the reasons set out in its letter. He outlined the measures which would be taken to prepare for the 2023/24 audit. A Committee Member felt it would be helpful to know the key areas of risk from not undertaking further work on the 2022/23 audit.

The Portfolio Holder acknowledged that the backstop was a pragmatic approach to a system which was in need of wholesale review. He was concerned that Deloitte may not complete its work and suggested that the Council may also wish to submit a complaint to the Institute of Chartered Accountants.

Members thanked the CFO and Mr Barber for their clarity and commitment and the Committee endorsed the comments made in the Council's consultation response.

**RESOLVED that**

- a) the Council's submission to the government's consultation in addressing the local audit backlog, as set out in Appendix 1 of the report, be noted;
- b) the letter from Grant Thornton, the external auditors, with regard to the delivery of the 2022/23 audit be noted.

Voting: Unanimous

67. Annual Evolution (for the 2024/25 financial year) of the 'Anti-Fraud & Corruption Policy', the 'Whistleblowing Policy', the 'Declaration of Interests, Gifts & Hospitality Policy' (for Officers) and the 'Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy'

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The Committee was advised that an annual review of these four policies had taken place to ensure they were updated in line with best practice and legislation. The Head of Audit and Management Assurance outlined how the reviews had been undertaken, including the use for the first time of Artificial Intelligence (AI). Changes made to the policies as part of the annual evolution process were summarised in paragraphs 5 to 12 of the report. The changes were set out in full in red text in each policy document, attached as appendices to the report. It was noted that the red text remained in the live document. The policies would be republished and further staff training and awareness would be carried out. The Committee was due to receive a report on the effectiveness of the policies later in the year.

The Head of Audit and Management Assurance highlighted additions to the Whistleblowing Policy including a note in paragraph 4.3 to explain that a whistleblowing referral will not impact any investigation into a theft / fraud / disciplinary / employment dispute involving the whistleblower. This had always been the case in practice but had not been explicitly specified in the policy.

The Head of Audit and Management Assurance responded to questions and comments on the report. He explained that there was a general growth in the use of AI and an increasing awareness of the benefits, including the speed at which AI could undertake what would otherwise be a time-consuming task. He explained the methods used to train staff in fraud awareness, including mandatory training using the E learning portal, additional specialist/face to face training as required and regular internal communications to all staff. Information on training was included in the annual report on the effectiveness of the policy.

Members were advised that the Committee received an annual report on whistleblowing incidents. It was noted that the policy included a procedure for a whistleblower to escalate their concerns by contacting either the Head

of Audit and Management Assurance, the Monitoring Officer or the Head of Paid Service. Members were advised that if the concerns related to one or more of these officers, the disclosure could be made to the Council's External Auditors or any another relevant 'prescribed' person or body. This was also specified in the procedure and could be explained further in training.

**RESOLVED that the Council's Anti-Fraud & Corruption Policy, Whistleblowing Policy, Declaration of Interests, Gifts & Hospitality Policy (for Officers) and the Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy for the 2024/25 financial year, be approved.**

Voting: Unanimous

68. Financial Regulations - Annual evolution for the financial year 2024/25

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report provided a summary of evolutionary changes to the Council's Financial Regulations as shown in red text throughout the document circulated at Appendix A. Members were advised that the key changes were contained in Part G and related to the following areas: threshold adjustment in relation to VAT, formation of a new procurement and contracts board, the removal of waivers (of financial regulations), competition requirements and other minor editing/reordering amendments. The Committee was advised of an amendment to the wording of Paragraph 16 in Part G of the Financial Regulations to read as follows in the version to be submitted to Council for approval:

*“All procurement processes of any value covered by The Health Care Services (Provider Selection Regime) Regulations 2023 must be agreed with and run by the SPT.”*

The report also set out legislative changes resulting from the Procurement Act 2023, the likely resulting impact on Financial Regulations being the need for some potential in-year changes to ensure alignment. It was proposed to deal with this by delegation to the Chief Financial Officer and Monitoring Officer. Members were assured that any necessary changes would be reported to the first available Committee meeting.

The Head of Audit and Management Assurance responded to questions and comments on the report. He was asked what the Council was doing to encourage and enable providers with regards to social value considerations in light of updated legislation around public procurement. He explained that while further details from Government were awaited, the intention was to create a simpler system, remove barriers and extend opportunities for all potential providers in the procurement process, including small businesses and social enterprises. It was noted that social value criteria were already

included in Part G (Paragraph 10) of the Financial Regulations. The Head of Audit and Management Assurance agreed to arrange for a briefing note on this issue to be circulated following consultation with the Strategic Procurement Team.

Members asked about the new requirement to sign off what had previously been known as 'waivers', as part of the Procurement Decision Records (PDRs) process. It was explained that although there were always circumstances where 'waivers' were required, the terminology was unhelpful and had been removed. The requirement to publish as a PDR was seen as more accountable and transparent and it was noted that the Committee would still receive an annual report on relevant decisions. It was confirmed that Service Directors were ultimately responsible for their commissioning officers being fully aware of and compliant with the Financial Regulations. The Chief Financial Officer agreed to raise the issue of staff training with the new Procurement and Contracts Board.

Members also asked about the changes to competition requirements. The Head of Audit and Management Assurance referred to the details set out in Paragraph 22 of Part G of the Financial Regulations, including the role of the Strategic Procurement Team in dealing with each of the specified thresholds. He also clarified a query about asset management and the approach taken in maintaining a local inventory.

**RECOMMENDED TO COUNCIL that the Financial Regulations as shown in Appendix A (with the updated amendment to Paragraph 16 in Part G) be approved for adoption, with the operational 'go live' date being 24 April 2024.**

**RESOLVED that the Committee approves a delegation to the Chief Finance Officer and the Monitoring Officer to amend the Financial Regulations, in year, if the Procurement Act 2023 or the secondary legislation Public Procurement Regulations 24 (PCR24) require such an amendment. The Head of Audit & Management Assurance to report any necessary changes to the first available Audit & Governance Committee.**

Voting: Unanimous

The meeting ended at 7.11 pm

CHAIR